



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AUDIT EXAMINATION OF THE  
HOPKINS COUNTY CLERK**

**Calendar Year 2000**

**EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS  
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EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor

T. Kevin Flanery, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Richard L. Frymire, Hopkins County Judge/Executive

Honorable Devra Steckler, Hopkins County Clerk

Members of the Hopkins County Fiscal Court

The enclosed report prepared by Kapp & Company, PLLC, Certified Public Accountants, presents the statement of receipts, disbursements, and excess fees of the County Clerk of Hopkins County, Kentucky, for the year ended December 31, 2000.

We engaged Kapp & Company, PLLC, to perform the financial audit of this statement. We worked closely with the firm during our report review process; Kapp & Company, PLLC, evaluated the Hopkins County Clerk's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Enclosure



**REPORT OF KAPP & COMPANY, PLLC  
AUDIT EXAMINATION OF THE  
HOPKINS COUNTY CLERK**

**Calendar Year 2000**



## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE HOPKINS COUNTY CLERK**

#### **Calendar Year 2000**

Kapp & Company, PLLC has completed the Hopkins County Clerk's audit for calendar year 2000. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

#### **Financial Condition:**

Excess fees increased by \$48,447 from the prior calendar year, resulting in excess fees of \$915,361 as of December 31, 2000. Revenues decreased by \$8,975 from the prior year and disbursements decreased by \$57,422.

#### **Deposits:**

The Clerk's deposits were insured and collateralized by bank securities or bonds.

#### **Notes to the Financial Statements**

The Fiscal Court has established fee pooling for the County Clerk's office.

The County Clerk's office received a Library and Archives Grant from the state in 1997, but has not yet made any expenditures during this year or the previous years.





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**Kapp & Company, PLLC**  
Certified Public Accountants &  
Business Advisors

To the People of Kentucky  
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### Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Clerk of Hopkins County Kentucky, for the year ended December 31, 2000. This financial statement is the responsibility of the County Clerk. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Clerk's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Clerk for the year ended December 31, 2000, in conformity with the basis of accounting described above.

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
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Honorable Richard Frymire, Hopkins County Judge/Executive  
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In accordance with Government Auditing Standards, we have also issued our report dated June 5, 2002, on our consideration of the County Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in cursive script that reads "Kapp & Company, PLLC".

Kapp & Company, PLLC.

Audit fieldwork completed -  
June 5, 2002

HOPKINS COUNTY  
DEVRA STECKLER, COUNTY CLERK  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 2000

Receipts

State Fees For Services		\$	18,078
Fiscal Court			88,393
Licenses and Taxes:			
Motor Vehicle-			
Licenses and Transfers	\$	1,162,346	
Usage Tax		4,373,027	
Tangible Personal Property Tax		2,797,867	
Licenses-			
Marriage		17,181	
Deed Transfer Tax		86,111	
Delinquent Tax		<u>251,353</u>	8,687,885
Fees Collected for Services:			
Recordings-			
Deeds, Easements, and Contracts	\$	30,037	
Real Estate Mortgages		56,371	
Chattel Mortgages and Financing Statements		134,045	
Powers of Attorney		2,756	
All Other Recordings		70,781	
Charges for Other Services-			
Candidate Filing Fees		2,200	
Copywork		<u>12,307</u>	308,497
Other:			
Postage			2,999
Interest Earned			<u>17,526</u>
Total Receipts		\$	9,123,378

HOPKINS COUNTY  
DEVRA STECKLER, COUNTY CLERK  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES  
Calendar Year 2000  
(Continued)

Disbursements

Payments to State:

Motor Vehicle-

Licenses and Transfers \$ 896,601

Usage Tax 4,228,780

Tangible Personal Property Tax 1,027,646

Licenses, Taxes, and Fees-

Fish and Game 6,723

Delinquent Tax 46,930

Legal Process Tax 36,020

Candidate Filing Fees 840 \$ 6,243,540

Payments to Fiscal Court:

Tangible Personal Property Tax \$ 217,157

Delinquent Tax 21,615

Deed Transfer Tax 81,095 319,867

Payments to Other Districts:

Tangible Personal Property Tax \$ 1,437,461

Delinquent Tax 88,871 1,526,332

Payments to Sheriff

2,136

Payments to County Attorney

565

Operating Disbursements

Other Charges-

Dues \$ 38,180

Postage 389 38,569

Total Disbursements

\$ 8,131,009

HOPKINS COUNTY  
DEVRA STECKLER, COUNTY CLERK  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES  
Calendar Year 2000  
(Continued)

Total Disbursements (Carried forward)		<u>\$ 8,131,009</u>
Net Receipts		\$ 992,369
Less: Statutory Maximum	\$ 72,014	
County Clerk's Training Incentive	<u>1,394</u>	<u>73,408</u>
Excess Fees		\$ 918,961
Less: Expense Allowance		<u>3,600</u>
Excess Fees Due County for Calendar Year 2000		\$ 915,361
Payments to County Treasurer - Monthly		<u>915,361</u>
Balance Due at Completion of Audit		<u><u>\$ 0</u></u>

The accompanying notes are an integral part of the financial statement

HOPKINS COUNTY  
NOTES TO FINANCIAL STATEMENT

December 31, 2000

**Note 1. Summary of Significant Accounting Policies**

**A. Fund Accounting**

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

**B. Basis of Accounting**

The financial statement has been prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2000.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

**C. Fee Pooling**

The Hopkins County Fiscal Court approved a fee pooling system for the County Clerk. Under the fee pooling system, revenues net of direct expenses of the County Clerk's office are paid to the County Treasurer the subsequent month. Therefore, the county pays expenses of the County Clerk's office.

**D. Cash and Investments**

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).



HOPKINS COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2000  
(Continued)

**Note 2. Employee Retirement System**

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.28 percent for the first six months and 7.17 percent for the last six months of the calendar year.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

**Note 3. Deposits**

The County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 64.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 2001, the County Clerk's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the County Clerk's agent in the County Clerk's name, or provided surety bond which named the County Clerk as beneficiary/obligee on the bond.

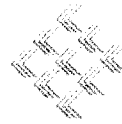
**Note 4. Grant**

The County Clerk received a local records microfilming grant from the Kentucky Department for Libraries and Archives in the amount of \$21,132 in calendar year 1997. The unexpended grant balance as of January 1, 2000 was \$22,766. Receipts for calendar year 2000 were \$635, which consisted solely of interest earned. There were no expenditures during calendar year 2000 the unexpended grant balance is \$23,400 as of December 31, 2000.

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REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





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Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards

We have audited the statement of receipts, disbursements, and excess fees of the Hopkins County Clerk for the year ended December 31, 2000, and have issued our report thereon dated June 5, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Hopkins County Clerk's financial statement for the year ended December 31, 2000, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Hopkins County Clerk's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

Internal Control Over Financial Reporting (Continued)

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in cursive script that reads "Kapp & Company, PLLC".

Kapp & Company, PLLC

Audit fieldwork completed -  
June 5, 2002

